SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

|X| QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 - For the quarter ended March 31, 2000

OR

|_| TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 1-640

NL INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

New Jersey	13-5267260
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

16825 Northchase Drive, Suite 1200, Houston, Texas	77060-2544
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (281) 423-3300

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) had been subject to such filing requirements for the past 90 days. Yes X No

Number of shares of common stock outstanding on May 3, 2000: 50,560,640

NL INDUSTRIES, INC. AND SUBSIDIARIES

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NL INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In thousands)

ASSETS	December 31, 1999	March 31, 2000
Current assets:		
Cash and cash equivalents	$ 134,224	$ 133,698
Restricted cash equivalents	17,565	17,208
Accounts and notes receivable	143,768	151,152
Receivable from affiliates	747	392
Refundable income taxes	4,473	1,252
Inventories	191,184	173,926
Prepaid expenses	2,492	3,111
Deferred income taxes	11,974	10,343
Total current assets	506,427	491,082
Other assets:		
Marketable securities	15,055	24,664
Investment in TiO2 manufacturing joint venture	157,552	154,052
Prepaid pension cost	23,271	22,373
Other	5,410	4,845
Total other assets	201,288	205,934
Property and equipment:		
Land	23,678	22,618
Buildings	133,682	128,487
Machinery and equipment	550,842	530,016
Mining properties	71,952	68,959
Construction in progress	6,805	9,742
	786,959	759,822
Less accumulated depreciation and depletion	438,501	427,563
Net property and equipment	348,458	332,259
	$1,056,173	$1,029,275

NL INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (CONTINUED)

(In thousands)

LIABILITIES AND SHAREHOLDERS' EQUITY	December 31, 1999	March 31, 2000
Current liabilities:		
Notes payable	$ 57,076	$ 54,075
Current maturities of long-term debt	212	162
Accounts payable and accrued liabilities	190,360	188,399
Payable to affiliates	11,240	10,422
Income taxes	5,605	6,477
Deferred income taxes	326	777
Total current liabilities	264,819	260,312
Noncurrent liabilities:		
Long-term debt	244,266	244,207
Deferred income taxes	108,226	107,069
Accrued pension cost	32,946	29,884
Accrued postretirement benefits cost	37,105	36,372
Other	93,821	85,502
Total noncurrent liabilities	516,364	503,034
Minority interest	3,903	3,976
Shareholders' equity:		
Common stock	8,355	8,355
Additional paid-in capital	774,304	774,322
Retained earnings	19,150	35,263
Accumulated other comprehensive loss	(158,921)	(174,172)
Treasury stock	(371,801)	(381,815)
Total shareholders' equity	271,087	261,953
	$ 1,056,173	$ 1,029,275

Commitments and contingencies (Note 12)

See accompanying notes to consolidated financial statements.

NL INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

Three months ended March 31, 1999 and 2000

(In thousands, except per share data)

	1999	2000
Revenues and other income:		
Net sales	$201,569	$231,009
Other, net	6,413	4,500
	207,982	235,509
Costs and expenses:		
Cost of sales	147,040	159,265
Selling, general and administrative	32,562	33,390
Interest	9,779	7,856
	189,381	200,511
Income before income taxes and minority interest	18,601	34,998
Income tax expense	4,650	11,199
Income before minority interest	13,951	23,799
Minority interest	11	91
Net income	$ 13,940	$ 23,708
Earnings per share - net income:		
Basic	$ .27	$ .47
Diluted	$ .27	$ .46
Shares used in the calculation of earnings per share:		
Basic	51,819	50,920
Dilutive impact of stock options	51	234
Diluted	51,870	51,154

See accompanying notes to consolidated financial statements.

NL INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Three months ended March 31, 1999 and 2000

(In thousands)

	1999	2000
Net income	$ 13,940	$ 23,708
Other comprehensive income (loss), net of tax:		
Marketable securities adjustment	(940)	58
Currency translation adjustment	(12,251)	(15,309)
Total other comprehensive loss	(13,191)	(15,251)
Comprehensive income	$ 749	$ 8,457

See accompanying notes to consolidated financial statements.

NL INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

Three months ended March 31, 2000

(In thousands)

				Accumulated other comprehensive income (loss)				
	Common stock	Additional paid-in capital	Retained earnings	Currency translation	Pension liabilities	Marketable securities	Treasury stock	Total
Balance at December 31, 1999	$ 8,355	$ 774,304	$ 19,150	$(160,022)	$ (1,756)	$ 2,857	$(371,801)	$ 271,087
Net income	--	--	23,708	--	--	--	--	23,708
Other comprehensive income (loss), net	--	--	--	(15,309)	--	58	--	(15,251)
Dividends	--	--	(7,595)	--	--	--	--	(7,595)
Other	--	18	--	--	--	--	--	18
Treasury stock:								
Acquired (713 shares)	--	--	--	--	--	--	(10,331)	(10,331)
Reissued (22 shares)	--	--	--	--	--	--	317	317
Balance at March 31, 2000	$ 8,355	$ 774,322	$ 35,263	$(175,331)	$ (1,756)	$ 2,915	$(381,815)	$ 261,953

See accompanying notes to consolidated financial statements.

NL INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Three months ended March 31, 1999 and 2000

(In thousands)

	1999	2000
Cash flows from operating activities:		
Net income	$ 13,940	$ 23,708
Depreciation, depletion and amortization	8,662	7,875
Deferred income taxes	1,518	3,368
Distribution from TiO2 manufacturing joint venture	6,500	3,500
Other, net	(2,389)	(1,428)
	28,231	37,023
Change in assets and liabilities:		
Accounts and notes receivable	(21,213)	(12,517)
Inventories	8,570	11,092
Prepaid expenses	(2,018)	(712)
Accounts payable and accrued liabilities	(6,459)	(4,145)
Income taxes	(1,937)	4,309
Other, net	(2,374)	(1,287)
Net cash provided by operating activities	2,800	33,763
Cash flows from investing activities:		
Capital expenditures	(7,846)	(6,153)
Change in restricted cash equivalents, net	(9,047)	357
Purchase of Tremont Corporation common stock	--	(9,520)
Proceeds from disposition of property and equipment	2,114	57
Net cash used by investing activities	(14,779)	(15,259)

NL INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

Three months ended March 31, 1999 and 2000

(In thousands)

	1999	2000
Cash flows from financing activities:		
Indebtedness:		
Borrowings	$ 56,271	$ --
Principal payments	(60,599)	(89)
Dividends paid	(1,814)	(7,595)
Treasury stock purchased	--	(10,331)
Other, net	117	317
Net cash used by financing activities	(6,025)	(17,698)
Cash and cash equivalents:		
Net change from:		
Operating, investing and financing activities	(18,004)	806
Currency translation	(1,684)	(1,332)
Balance at beginning of period	154,953	134,224
Balance at end of period	$ 135,265	$ 133,698
Supplemental disclosures - cash paid for:		
Interest	$ 1,990	$ 141
Income taxes, net	5,064	3,505

See accompanying notes to consolidated financial statements.

Note 1 - Organization and basis of presentation:

NL Industries, Inc. conducts its titanium dioxide pigments ("TiO2") operations through its wholly owned subsidiary, Kronos, Inc. At March 31, 2000, Valhi, Inc. and Tremont Corporation, each affiliates of Contran Corporation, held approximately 60% and 20%, respectively, of NL's outstanding common stock. At March 31, 2000, Contran and its subsidiaries held approximately 93% of Valhi's outstanding common stock, and Valhi and other entities related to Harold C. Simmons held approximately 73% of Tremont's outstanding common stock. See Note 5.

The consolidated balance sheet of NL Industries, Inc. and Subsidiaries (collectively, the "Company") at December 31, 1999 has been condensed from the Company's audited consolidated financial statements at that date. The consolidated balance sheet at March 31, 2000 and the consolidated statements of income, comprehensive income, shareholders' equity and cash flows for the interim periods ended March 31, 1999 and 2000 have been prepared by the Company, without audit. In the opinion of management, all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the consolidated financial position, results of operations and cash flows have been made. The results of operations for the interim periods are not necessarily indicative of the operating results for a full year or of future operations.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. Certain prior-year amounts have been reclassified to conform to the current year presentation. The accompanying consolidated financial statements should be read in conjunction with the consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 1999 (the "1999 Annual Report").

The Company will adopt Statement of Financial Accounting Standards ("SFAS") No. 133, Accounting for Derivative Instruments and Hedging Activities, as amended, no later than the first quarter of 2001. SFAS No. 133 establishes accounting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. Under SFAS No. 133, all derivatives will be recognized as either assets or liabilities and measured at fair value. The accounting for changes in fair value of derivatives will depend upon the intended use of the derivative. The impact of adopting SFAS No. 133, if any, has not been determined but will be dependent upon the extent to which the Company is then a party to derivative contracts or engaged in hedging activities, including derivatives embedded in nonderivative host contacts. As permitted by the transition requirements of SFAS No. 133, as amended, the Company will exempt from the scope of SFAS No. 133 all host contracts containing embedded derivatives which were issued or acquired prior to January 1, 1999.

Note 2 - Earnings per share:

Basic earnings per share is based on the weighted average number of common shares outstanding during each period. Diluted earnings per share is based on the weighted average common shares outstanding and the dilutive impact of outstanding stock options.

Note 3 - Business segment information:

The Company's operations are conducted by Kronos in one operating business segment - the production and sale of TiO_2.

	Three months ended March 31, 1999	Three months ended March 31, 2000
	(In thousands)	
Net sales	$ 201,569	$ 231,009
Other income, excluding corporate	3,693	1,670
	205,262	232,679
Cost of sales	147,040	159,265
Selling, general and administrative, excluding corporate	27,261	27,179
Operating income	30,961	46,235
General corporate income (expense):		
Securities earnings, net	1,600	1,718
Expenses, net	(4,181)	(5,099)
Interest expense	(9,779)	(7,856)
	$ 18,601	$ 34,998

Note 4 - Inventories:

	December 31, 1999	March 31, 2000
	(In thousands)	
Raw materials	$ 54,861	$ 42,900
Work in process	8,065	7,328
Finished products	100,824	97,567
Supplies	27,434	26,131
	$191,184	$173,926

Note 5 - Marketable securities:

	December 31, 1999	March 31, 2000
	(In thousands)	
Available-for-sale marketable equity securities:		
Unrealized gains	$ 6,700	$ 7,623
Unrealized losses	(2,304)	(3,138)
Cost	10,659	20,179
Aggregate fair value	$ 15,055	$ 24,664

In March 2000 the Company purchased 500,000 shares of Tremont's common stock in market transactions for $9.5 million. At March 31, 2000, the Company held approximately 9% of Tremont's outstanding common stock and 1% of Valhi's outstanding common stock. The Company accounts for investments in parent companies as "available-for-sale" marketable securities carried at fair value.

Note 6 - Other noncurrent assets:

	December 31, 1999	March 31, 2000
	(In thousands)	
Deferred financing costs, net	$2,278	$2,128
Other	3,132	2,717
	$5,410	$4,845

Note 7 - Accounts payable and accrued liabilities:

	December 31, 1999	March 31, 2000
	(In thousands)	
Accounts payable	$ 56,597	$ 43,112
Accrued liabilities:		
Environmental costs	47,228	53,023
Employee benefits	35,243	32,006
Interest	6,761	14,334
Deferred income	4,000	4,000
Other	40,531	41,924
	133,763	145,287
	$190,360	$188,399

Note 8 - Other noncurrent liabilities:

	December 31, 1999	March 31, 2000
	(In thousands)	
Environmental costs	$64,491	$57,398
Insurance claims and expenses	11,688	11,807
Employee benefits	7,816	7,859
Deferred income	8,333	7,333
Other	1,493	1,105
	$93,821	$85,502

Note 9 - Notes payable and long-term debt:

	December 31, 1999	March 31, 2000
	(In thousands)	
Notes payable - Kronos (Euro 56,511)	$ 57,076	$ 54,075
Long-term debt:		
NL Industries, Inc. - 11.75% Senior Secured Notes	$244,000	$244,000
Kronos	478	369
	244,478	244,369
Less current maturities	212	162
	$244,266	$244,207

Note 10 - Income taxes:

The difference between the provision for income tax expense attributable to income before income taxes and minority interest and the amount that would be expected using the U.S. federal statutory income tax rate of 35% is presented below.

	Three months ended March 31,	
	1999	2000
	(In thousands)	
Expected tax expense	$ 6,510	$ 12,249
Non-U.S. tax rates	(81)	9
Incremental tax on income of companies not included in NL's consolidated U.S. federal income tax return	458	281
Valuation allowance	(1,942)	(1,291)
U.S. state income taxes	90	141
Other, net	(385)	(190)
Income tax expense	$ 4,650	$ 11,199

Note 11 - Other income, net:

	Three months ended March 31,	
	1999	2000
	(In thousands)	
Corporate interest and dividend income	$ 1,600	$ 1,718
Currency transaction gains, net	1,569	1,241
Noncompete agreement income	1,000	1,000
Disposition of property and equipment	979	(402)
Trade interest income	948	357
Other, net	317	586
	$ 6,413	$ 4,500

Note 12 - Commitments and contingencies:

For descriptions of certain legal proceedings, income tax and other commitments and contingencies related to the Company, reference is made to (i) Management's Discussion and Analysis of Financial Condition and Results of Operations, (ii) Part II, Item 1 -"Legal Proceedings" and (iii) the 1999 Annual Report.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

Net sales and operating income

	Three months ended March 31, 1999	Three months ended March 31, 2000	% Change
	(In millions)		
Net sales	$201.6	$231.0	+15%
Operating income	$ 31.0	$ 46.2	+49%
Percent changes in TiO2:			
Sales volume			+24%
Average selling prices (in billing currencies)			N/C

Kronos' operating income in the first quarter of 2000 increased from the first quarter of 1999 due to record first-quarter sales volume and strong production volume. Kronos' first-quarter sales volume increased 24% from the first quarter of 1999 and was even with the fourth quarter of 1999, reflecting sustained strong demand in all major regions. Kronos' first-quarter 2000 production volume was 16% higher than the comparable 1999 period with operating rates near full capacity compared to 86% capacity utilization in the first quarter of 1999.

Average TiO2 selling prices in billing currencies (which excludes the effects of foreign currency translation) for the first quarter of 2000 were even with the first quarter of 1999 and were 3% higher than the fourth quarter of 1999. During the first quarter of 2000, Kronos announced additional price increases in Europe, effective in the second quarter of 2000. The Company believes demand for TiO2 will remain strong in the near-term as a result of seasonally high sales to the coatings industry, resulting in continued upward pressure on selling prices. Should demand in the second half of 2000 remain robust, additional price increases could be announced later in 2000. The successful implementation of any such price increase will depend on market conditions.

Kronos anticipates its TiO2 sales volume for full-year 2000 will be slightly higher than that of 1999. Kronos expects its full-year 2000 operating income will be higher than 1999 primarily because of higher average selling prices, higher production volume and its continued focus on controlling costs. The extent of the improvement will be determined primarily by the magnitude of realized price increases.

Kronos' cost of sales as a percentage of net sales decreased in the first quarter of 2000 primarily due to higher production volume. Excluding the effects of foreign currency translation, which decreased the Company's expenses in the first quarter of 2000 compared to the first quarter of 1999, Kronos' selling, general and administrative expenses increased in the first quarter of 2000 due to higher distribution expenses associated with higher first-quarter 2000 sales volume.

A significant amount of Kronos' sales and operating costs are denominated in currencies other than the U.S. dollar. Fluctuations in the value of the U.S. dollar relative to other currencies, primarily a stronger U.S. dollar compared to the euro, decreased the dollar value of sales in the first quarter of 2000 by a net $14 million compared to the first quarter of 1999. When translated from billing currencies to U.S. dollars using currency exchange rates prevailing during the respective periods, Kronos' first-quarter 2000 average selling price in U.S. dollars was approximately 6% lower than in the first quarter of 1999. Kronos' operating costs that are not denominated in U.S. dollars were also lower when translated to U.S. dollars in the first quarter of 2000 compared to the first quarter of 1999, and accordingly, Kronos' per unit costs were lower in the first quarter of 2000 compared to the same period last year. As a result, the net impact of currency exchange rate fluctuations on operating income in the first quarter of 2000 was not significant when compared to the first quarter of 1999.

General corporate

The following table sets forth certain information regarding general corporate income (expense).

	Three months ended March 31, 1999	Three months ended March 31, 2000	Difference
	(In millions)		
Securities earnings	$ 1.6	$ 1.7	$ .1
Corporate expenses, net	(4.2)	(5.0)	(.8)
Interest expense	(9.8)	(7.9)	1.9
	$ (12.4)	$ (11.2)	$ 1.2

Interest expense in the first quarter of 2000 decreased 20% from the comparable 1999 period primarily due to lower levels of outstanding debt and lower European borrowing rates. The Company expects its full-year 2000 interest expense will be lower than 1999, primarily due to lower levels of outstanding debt and lower European borrowing rates.

Provision for income taxes

The Company reduced its deferred income tax valuation allowance by $1.9 million in the first quarter of 1999 and $1.3 million in the first quarter of 2000 primarily as a result of utilization of certain tax attributes for which the benefit had not been previously recognized under the "more- likely-than-not" recognition criteria.

Other

Minority interest primarily relates to the Company's majority-owned environmental management subsidiary, NL Environmental Management Services, Inc. ("EMS").

Liquidity and capital resources

The Company's consolidated cash flows from operating, investing and financing activities for the three months ended March 31, 1999 and 2000 are presented below.

	Three months ended March 31, 1999	Three months ended March 31, 2000
	(In millions)	
Net cash provided (used) by:		
Operating activities:		
Before changes in assets and liabilities	$ 28.2	$ 37.0
Changes in assets and liabilities	(25.4)	(3.2)
	2.8	33.8
Investing activities	(14.8)	(15.3)
Financing activities	(6.0)	(17.7)
Net cash provided (used) by operating, investing, and financing activities	$(18.0)	$ .8

Operating activities

The TiO_2 industry is cyclical and changes in economic conditions within the industry significantly impact the earnings and operating cash flows of the Company. Cash flow from operations, before changes in assets and liabilities, in the 2000 period increased from the comparable period in 1999 primarily due to higher operating income, partially offset by lower cash distributions from the Company's TiO_2 manufacturing joint venture. Changes in the Company's inventories, receivables and payables (excluding the effect of currency translation) used cash in both the first quarter of 1999 and 2000 primarily due to increases in receivables in each period; however, the net cash used in the first quarter of 2000 was significantly less than the first quarter of 1999 due to a greater amount of cash being provided from reductions in inventory levels and lower income tax payments in the first quarter of 2000.

Investing activities

In March 2000 the Company purchased 500,000 shares of Tremont's common stock in market transactions for $9.5 million. See Note 1 and 5 to the Consolidated Financial Statements. In the first quarter of 1999 the Company collateralized letters of credit issued and outstanding on behalf of an affiliate pursuant to an Insurance Sharing Agreement with $9.7 million of the Company's cash, and classified such amount as current restricted cash equivalents.

Financing activities

In the first quarter of 2000, the Company's Board of Directors increased the regular quarterly dividend from $.035 per share to $.15 per share and paid dividends of $7.6 million to shareholders. In 1999 the Company's Board of Directors authorized a 1.5 million share repurchase program. Pursuant to this program, the Company purchased in the open market (i) 552,000 shares of its common stock at an aggregate cost of $7.2 million in 1999, (ii) 713,000 shares at an aggregate cost of $10.3 million in the first quarter of 2000 and (iii) 34,000 shares at an aggregate cost of $.5 million in April 2000.

Cash, cash equivalents and borrowing availability

At March 31, 2000, the Company had cash and cash equivalents aggregating $134 million ($37 million held by non-U.S. subsidiaries) and an additional $17 million of restricted cash equivalents. The Company's subsidiaries had $11 million available for borrowing at March 31, 2000 under existing non-U.S. credit facilities.

Income tax contingencies

Certain of the Company's tax returns in various U.S. and non-U.S. jurisdictions are being examined and tax authorities have proposed or may propose tax deficiencies, including non- income tax related items and interest.

During 1997 the Company received a tax assessment from the Norwegian tax authorities proposing tax deficiencies of NOK 51 million ($6 million at March 31, 2000) relating to 1994. The Company appealed the 1994 assessment to the Fredrikstad City Court, and in February 2000 the Court ruled in favor of the tax authorities on the primary issue, but asserted that the tax authorities' assessment was overstated by NOK 34 million ($4 million at March 31, 2000). In March 2000 the tax authorities agreed with the Court and reduced the 1994 assessment to NOK 17 million ($2 million at March 31, 2000). The tax authorities recently issued a NOK 13 million ($2 million at March 31, 2000) assessment for 1996 which has been computed on a similar basis as the revised 1994 assessment. The Company has appealed the Court's decision on the primary issue related to the 1994 assessment to a higher court, and the outcome of the 1996 case is dependent on the eventual outcome of the 1994 case. The Company has granted a lien for the 1994 tax assessment on its Fredrikstad, Norway TiO_2 plant in favor of the Norwegian tax authorities and expects to grant an additional lien on the plant related to the 1996 assessment.

No assurance can be given that these tax matters will be resolved in the Company's favor in view of the inherent uncertainties involved in court proceedings. The Company believes that it has provided adequate accruals for additional taxes and related interest expense which may ultimately result from all such examinations and believes that the ultimate disposition of such examinations should not have a material adverse effect on the Company's consolidated financial position, results of operations or liquidity.

Environmental matters and litigation

The Company has been named as a defendant, potentially responsible party ("PRP"), or both, in a number of legal proceedings associated with environmental matters, including waste disposal sites, mining locations and facilities currently or previously owned, operated or used by the Company, certain of which are on the U.S. Environmental Protection Agency's (the "U.S. EPA") Superfund National Priorities List or similar state lists. On a quarterly basis, the Company evaluates the potential range of its liability at sites where it has been named as a PRP or defendant, including sites for which EMS has contractually assumed the Company's obligation. The Company believes it has adequate accruals ($110 million at March 31, 2000) for reasonably estimable costs of such matters, but the Company's ultimate liability may be affected by a number of factors, including changes in remedial alternatives and costs and the allocations of such costs among PRPs. It is not possible to estimate the range of costs for certain sites. The upper end of the range of reasonably possible costs to the Company for sites for which it is possible to estimate costs is approximately $150 million. The Company's estimates of such liabilities have not been discounted to present value, and the Company has not recognized any potential insurance recoveries. No assurance can be given that actual costs will not exceed either accrued amounts or the upper end of the range for sites for which estimates have been made, and no assurance can be given that costs will not be incurred with respect to sites as to which no estimate presently can be made. The imposition of more stringent standards or requirements under environmental laws or regulations, new developments or changes with respect to site cleanup costs or allocation of such costs among PRPs, or a determination that the Company is potentially responsible for the release of hazardous substances at other sites could result in expenditures in excess of amounts currently estimated by the Company to be required for such matters. Furthermore, there can be no assurance that additional environmental matters will not arise in the future.

Lead pigment litigation

The Company is also a defendant in a number of legal proceedings seeking damages for personal injury and property damage arising out of the sale of lead pigments and lead-based paints. There is no assurance that the Company will not incur future liability in respect of this pending litigation in view of the inherent uncertainties involved in court and jury rulings in pending and possible future cases. However, based on, among other things, the results of such litigation to date, the Company believes that the pending lead pigment and paint litigation is without merit. The Company has not accrued any amounts for such pending litigation. Liability that may result, if any, cannot reasonably be estimated. In addition, various legislation and administrative regulations have, from time to time, been enacted or proposed that seek to (a) impose various obligations on present and former manufacturers of lead pigment and lead-based paint with respect to asserted health concerns associated with the use of such products and (b) effectively overturn court decisions in which the Company and other pigment manufacturers have been successful. Examples of such proposed legislation include bills which would permit civil liability for damages on the basis of market share, rather than requiring plaintiffs to prove that the defendant's product caused the alleged damage and bills which would revive actions barred by the statute of limitations. The Company currently believes the disposition of all claims and disputes, individually and in the aggregate, should not have a material adverse effect on the Company's consolidated financial position, results of operations or liquidity. There can be no assurance that additional matters of these types will not arise in the future.

Other

On May 3, 2000, a confederation of labor organizations in Norway implemented a work stoppage directed at various Norwegian employers, including the Company's 30,000 metric ton TiO_2 facility and ilmenite mining operations. The Company currently does not expect the work stoppage to be lengthy or to have a material adverse effect on the Company's consolidated financial position, results of operations or liquidity.

The Company periodically evaluates its liquidity requirements, alternative uses of capital, capital needs and availability of resources in view of, among other things, its debt service and capital expenditure requirements and estimated future operating cash flows. As a result of this process, the Company in the past has sought, and in the future may seek, to reduce, refinance, repurchase or restructure indebtedness; raise additional capital; issue additional securities; modify its dividend policy; restructure ownership interests; sell interests in subsidiaries or other assets;

or take a combination of such steps or other steps to manage its liquidity and capital resources. In the normal course of its business, the Company may review opportunities for the acquisition, divestiture, joint venture or other business combinations in the chemicals or other industries. In the event of any acquisition or joint venture transaction, the Company may consider using available cash, issuing equity securities or increasing its indebtedness to the extent permitted by the agreements governing the Company's existing debt.

Special note regarding forward-looking statements

The statements contained in this Report on Form 10-Q ("Quarterly Report") which are not historical facts, including, but not limited to, statements found under the captions "Results of Operations" and "Liquidity and Capital Resources" above, are forward-looking statements that represent management's beliefs and assumptions based on currently available information. Forward-looking statements can be identified by the use of words such as "believes," "intends," "may," "will," "should," "anticipates," "expects," or comparable terminology or by discussions of strategy or trends. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it cannot give any assurances that these expectations will prove to be correct. Such statements by their nature involve risks and uncertainties, including, but not limited to, the cyclicality of the titanium dioxide industry, global economic conditions, global productive capacity, customer inventory levels, changes in product pricing, competitive technology positions, operating interruptions (including, but not limited to, labor disputes, leaks, fires, explosions, unscheduled downtime and transportation interruptions), the ultimate resolution of pending or possible future lead pigment litigation and legislative developments related to the lead paint litigation, the outcome of other litigation, and other risks and uncertainties included in this Quarterly Report and in the 1999 Annual Report, and the uncertainties set forth from time to time in the Company's other public reports and filings. Should one or more of these risks materialize (or the consequences of such a development worsen), or should the underlying assumptions prove incorrect, actual results could differ materially from those forecasted or expected. The Company assumes no duty to update any forward-looking statements.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Reference is made to the 1999 Annual Report for descriptions of certain previously reported legal proceedings.

Brenner, et al. v. American Cyanamid, et al. (No. 12596-93). In March 2000 the Fourth Department intermediate appellate court denied plaintiffs' request to seek review.

Sweet, et al. v. Sheahan, et al. (No. 97-CV-1666/LEK-DNH). In March 2000 plaintiffs voluntarily dismissed all defendants other than the landlord without prejudice.

Cofield, et al. v. Lead Industries Association, et al. (No. 24-C-099-004491). In March 2000 the Federal trial court (No. MJG-99-3277) denied plaintiffs' motion to remand to State Court. In April 2000 defendants filed an additional motion to dismiss all claims for lack of product identification.

City of St. Louis v. Lead Industries Association, et al (No. 002-245, Division 1). In March 2000 defendants removed the case to Missouri federal court. In April 2000 plaintiff filed a motion to remand to State Court and an amended complaint seeking to add additional Missouri defendant residents.

In April 2000 the Company was served with a complaint in County of Santa Clara v. Atlantic Richfield Company, et al. (Superior Court of the State of California, County of Santa Clara, Case No. CV788657). The County of Santa Clara seeks to represent a class of all public entities in California. The County seeks from defendants, eight present or former pigment or paint manufacturing companies and the Lead Industries Association, compensatory damages for funds the plaintiffs have expended for medical treatment, educational expenses, abatement or other costs due to exposure to, or potential exposure to, lead paint, disgorgement of profit, and punitive damages. Plaintiff alleges causes of action for violations of the California Business and Professions Code, strict product liability, negligence, fraud and concealment, unjust enrichment, and indemnity, and includes market share liability allegations. The Company intends to deny all allegations of wrongdoing and liability and to defend the case vigorously.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

27.1 - Financial Data Schedule for the three-month period ended March 31, 2000.

(b) Reports on Form 8-K

Reports on Form 8-K for the quarter ended March 31, 2000 and through the date of this report:

January 26, 2000 - reported Items 5 and 7.
February 9, 2000 - reported Items 5 and 7.
April 18, 2000 - reported Items 5 and 7.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NL INDUSTRIES, INC.
(Registrant)

Date: May 3, 2000 By /s/ Susan E. Alderton

Susan E. Alderton
Vice President and
Chief Financial Officer
(Principal Financial Officer)

Date: May 3, 2000 By /s/ Robert D. Hardy

Robert D. Hardy
Vice President and Controller
(Principal Accounting Officer)

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM NL INDUSTRIES INC.'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2000, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH CONSOLIDATED FINANCIAL STATEMENTS.

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3-MOS
DEC-31-2000
JAN-01-2000
MAR-31-2000
133,698
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1,029,275
231,009
235,509
159,265
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612
7,856
34,998
11,199
23,708
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23,708
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0.46